

**SERIAL 09109 IGA PHARMACEUTICAL DISTRIBUTION SERVICES (PC-219)**

**DATE OF LAST REVISION: October 27, 2009 CONTRACT END DATE: April 30, 2013**

**CONTRACT PERIOD BEGINNING OCTOBER 21, 2009  
ENDING APRIL 30, 2013**

**TO: All Departments**

**FROM: Department of Materials Management**

**SUBJECT: Contract for PHARMACEUTICAL DISTRIBUTION SERVICES  
(PC-219)**

Attached to this letter is a listing of vendors available to Maricopa County Agencies utilizing the Maricopa Integrated Health System Contract C-90-05-011-1.. The using agency and other interested parties may access and electronic version of this contract from the Materials Management Web site at:

[http://www.maricopa.gov/materials/Awarded\\_Contracts/search.asp](http://www.maricopa.gov/materials/Awarded_Contracts/search.asp).

**Please note: Price Agreement Purchase Orders (PG documents) may be generated using the information from this list. Use NIGP CODE 2690001**

All purchases of product(s) listed on the attached pages of this letter are to be obtained from the listed contractor(s).

[BACK](#)[EMAIL](#)[SUMMARY](#)

Contract Number: **1000.110C**  
Organization: **MIHS Contract Library**  
Contracting Entity: **Maricopa Integrated Health System**  
Vendor (Other Party): **Broadlane, Inc.**  
Contract Type: **Group Purchasing Organization (GPO) - Supplies**  
Site(s): **Maricopa Medical Center**  
Department: **MIHS**  
Contract Expires In: **1281 Days**

Contract/Attachments		Critical Dates	Key Terms	Assets	Compliance	Custom
Original Date:	Dec 1, 2004	Responsible Party:	Name/Title:			
Expiration Date:	Apr 30, 2013	Primary:	<u>MANESS, BRIAN</u>			
Auto Renewal:	No	Secondary:	<u>Klein, Wade</u>			
		Third:				
Action List:	OFF	P.O. Number:	Vendor No.: 8442			
		Est. Monthly Value	\$0.00			
Group:	C-90-05-011-1	Value Escalates:	NO			
		Partial Year (months):	0			
Signatory Name:	Ellis, Steve	Other Signatory Name:	Chief Financial Officer			
Signatory Title:	Materials Management Director	Other Signatory Title:				
		Product:	Payment Terms: Net 30 days			
		Description:	Group Purchasing Organization (MASTER)			
Original Term:						
Cover Sheet Dates Used (49/84)						
Start Date: December 1, 2004						
Expiration Date: November 30, 2009						

07-01-09 16:44 RCVD

**Broadlane Letter of Participation ("LOP")  
to Access COG Discount  
for the**

Agreement for Pharmaceutical Distribution Services between Broadlane, Inc. ("Broadlane") and  
Cardinal Health 110, Inc. ("Distributor") effective as of May 1, 2007 (the "Agreement")

Broadlane Contract Number: PC-219  
Agreement Effective Date: May 1, 2007  
Product Category: Pharmaceutical Distribution Services ("Products")  
LOP and Pricing Effective Date: February 3, 2009

Customer Information: Maricopa Integrated Health System ("Customer")  
2601 E. Roosevelt  
Phoenix, AZ 85008

This LOP is subject to the terms and conditions of the Agreement. All capitalized terms not otherwise defined in this LOP have the meanings given to them in the Agreement. This LOP expires upon the expiration or earlier termination of the Agreement.

1. Purchase Requirement. By signing this LOP, Customer agrees to purchase from Distributor not less than 95% of its requirements of Products available from Distributor.
2. Pricing. Exhibit A of the Agreement sets forth the COG Discounts for the Products; provided, however, notwithstanding the COG Discounts set forth on Exhibit A, the following COG Discount will apply to Customer's purchases of COG-eligible Products from Distributor:

Monthly Net Sales	-30 DSO Prepay	-15 DSO Prepay	-7 DSO Prepay	0 DSO Prepay	7 Day Pay (7 DSO)	15 Day Pay (15 DSO)	Semi- Monthly Pay (17.5 DSO)	30 Day Pay (30 DSO)
\$800,000 – 999,999	-4.28%	-4.03%	-3.90%	-3.78%	-3.67%	-3.54%	-3.50%	-3.19%
\$1,000,000 – 1,199,999	-4.33%	-4.08%	-3.95%	-3.83%	-3.72%	-3.59%	-3.55%	-3.24%
\$1,200,000 – greater	-4.38%	-4.13%	-4.00%	-3.88%	-3.77%	-3.64%	-3.60%	-3.29%

Such COG Discount is conditioned on Customer's monthly Net Sales being equal to or exceeding Eight Hundred Thousand Dollars (\$800,000). If Customer's monthly Net Sales do not equal or exceed Eight Hundred Thousand Dollars (\$800,000), Customer's COG will be adjusted accordingly.

Within 30 days after the execution and delivery of this LOP, Distributor must load into its system the COG Discount for Customer. Beginning on the first day of the month following this 30-day period, Customer must receive the applicable Product pricing for the COG Discount.

3. Termination. If either Customer or Distributor asserts that the other party committed a material breach of this LOP, then the non-breaching party must notify the breaching party in writing of the specific breach and request that it be cured. If the breaching party does not cure the breach within 30 days after notice, then the non-breaching party may terminate this LOP without cost or penalty by sending written notice to the breaching party. Notwithstanding the foregoing, if (A) Distributor does not receive payment when due for Products delivered or services provided to Customer, or (B) there are other reasonable credit considerations deemed relevant by Distributor; then, upon five business days' prior written notice to Broadlane and Customer, Distributor may terminate this LOP. Termination of this LOP pursuant to this Section 3 acts to terminate Customer's eligibility under the Agreement. Either Distributor or Customer may terminate this LOP and Customer's participation under the Agreement by giving the other 90 days' prior written notice.

4. Data Release. In connection with any Sales Data relating to Customer, Customer authorizes disclosure by Distribution to Broadlane, and grants permission to Broadlane to access and use that Sales Data.

5. Commitment Compliance.

A. Compliance with 95% Purchase Requirement. At the end of each calendar quarter, Distributor must review Customer's compliance with this purchase requirement. If the quarterly review reveals that Customer failed or is failing comply with its 95% purchase requirement; then Distributor will have no retroactive remedy, and, as its exclusive remedy, Distributor may terminate this LOP (and Customer's participation under the Agreement) upon written notice to Customer and Broadlane.

B. Cost of Goods Adjustments. At the end of each calendar quarter, Distributor will evaluate Customer's payment history to determine compliance with designated payment terms and compliance. If the quarterly review reveals

that Customer failed or is failing to comply with its designated payment terms, then Distributor has no retroactive remedy, and, as its exclusive remedy, Distributor will adjust Customer's COG accordingly upon written notice to Customer and Broadlane.

6. Regulatory Compliance.

A. If and to the extent any discount or credit, rebate or other purchase incentive is paid or applied by Distributor with respect to the Products purchased under the Agreement and this LOP, that discount, credit, rebate or other purchase incentive constitutes a "discount or other reduction in price," as those terms are defined under the Anti-Kickback Statute and the Discount Safe-Harbor, on the Products purchased by Customer under the terms of the Agreement and this LOP. Customer may have an obligation to accurately report, under any state or federal program that provides cost or charge based reimbursement for the Products covered by the Agreement and this LOP, or as otherwise requested or required by any governmental agency, the net cost actually paid by Customer.

B. Distributor and Customer must comply with the applicable requirements of all applicable laws and regulations (including, as applicable, the Discount Safe-Harbor, the Prescription Drug Marketing Act, the Federal False Claims Act, the Drug Discount Program, and Drug Pedigree Laws).

7. Own Use. Customer represents, warrants and certifies that it and each of its facilities has all required governmental licenses, permits and approvals required to purchase, use and/or store the Products purchased from Distributor and that all of Customer's or each of Customer's facility's purchases hereunder are for its "own use" in the facilities, as such term is defined in judicial or legislative interpretation, and not for resale to anyone other than the end user.

8. Returned Goods Authorizing Ongoing Assurance. This Section 8 is to confirm Customer's compliance with applicable federal, state, and local laws/guidelines concerning returned goods and applies to all returns by Customer to Distributor from time to time and supersedes any inconsistent provisions that may be contained in any credit request, purchase order, or other documents pertaining to the supply relationship between Customer and Distributor.

A. Customer represents, warrants, and guarantees to Distributor that: (i) each return will be made only to the specific Distributor facility from which the item was originally purchased; (ii) each return will be accompanied by Distributor's credit request form (the "Return Form"), which must specify both Customer's and Distributor's name and address, the date of the return, the quantity and description of the Product returned, and any other information as may reasonably be requested on Distributor's Return Form; (iii) Customer will retain a copy of each Return Form and related credit memo and make that documentation available to the Supplier and to authorized federal, state, and local law enforcement officers upon request; (iv) the credit claimed or accepted by Customer for any return shall not exceed the original purchase price paid to Distributor; and (v) all merchandise returned to Distributor has been stored and handled by Customer in accordance with all applicable federal, state, and local laws, manufacturer guidelines when disclosed to Customer by the Supplier or Distributor, and good trade practices, and the Product has not been adulterated or misbranded by Customer within the meaning of the federal Food, Drug, and Cosmetic Act and meets all FDA, state, and other applicable requirements and guidelines.

B. Customer must indemnify and defend Distributor against and from any expense, claim, liability, or penalty (including reasonable legal fees) arising from any failure of Customer to properly comply with this Section 8.

9. Deliveries. Customer will be eligible to receive the following number of deliveries at no additional charge:

- Inpatient/Acute Care Facilities – Eleven (11) deliveries per week (two (2) deliveries per day, Monday through Friday, and one (1) delivery on Saturday)
- Outpatient/Other Facilities – Five (5) deliveries per week (one (1) delivery per day, Monday through Friday)

CUSTOMER

By: Steve Ellis  
Name: Steve Ellis  
Title: Director - Procurement  
Date: 6/26/09

CARDINAL HEALTH 110, INC.

By: Todd Garland  
Name: Todd Garland  
Title: VP of Sales  
Date: 6/30/09

Approved by BROADLANE, INC.:

By: Timothy H. Broadlane  
Name: Timothy H. Broadlane  
Title: SVP Pharmacy Broadlane  
Date: 6/29/09

Send to Broadlane: [LOCAdmin@Broadlane.com](mailto:LOCAdmin@Broadlane.com) or fax to: 972.813.8722

Send to Distributor: \_\_\_\_\_

MKT Survey

Price if Maricopa  
Signed Through Broadlane

## EXHIBIT A-1

## DISTRIBUTION DISCOUNTS

## A. Cost.

1. Basis of Pricing. Distributor must calculate the price of any Product sold to any Customer under this agreement on the basis of Cost.

2. Limitations. Distributor must not reduce the Cost of any Product by:

- (a) discounts for prompt payment made by Distributor to the Supplier; or
- (b) discounts for tracing earned by Distributor from the Supplier.

3. Price. The price of any Product under this Agreement equals:

- (a) the Product's Cost, plus
- (b) the percentage of the COG Discount of the applicable product category.

B. COG Discounts. The percentage of the COG Discounts is as follows:

Monthly Net Sales per Customer or Customer Group, as applicable	Monthly Prepay (-30 DSO)	Semi-Monthly Prepay (-15 DSO)	Weekly Pay (7 DSO)	Semi-Monthly Pay (15 DSO)	Monthly Pay (30 DSO)
\$50,001 – 60,000	-0.16%	0.07%	0.40%	0.60%	0.98%
\$60,001 – 70,000	-0.21%	0.02%	0.35%	0.55%	0.93%
\$70,001 – 80,000	-0.26%	-0.03%	0.30%	0.50%	0.88%
\$80,001 – 90,000	-0.41%	-0.18%	0.15%	0.35%	0.73%
\$90,001 – 100,000	-0.46%	-0.23%	0.10%	0.30%	0.68%
\$100,001 – 125,000	-0.61%	-0.38%	-0.05%	0.15%	0.53%
\$125,001 – 150,000	-0.66%	-0.43%	-0.10%	0.10%	0.48%
\$150,001 – 175,000	-0.71%	-0.48%	-0.15%	0.05%	0.43%
\$175,001 – 200,000	-0.76%	-0.53%	-0.20%	0.00%	0.38%
\$200,001 – 300,000	-1.06%	-0.83%	-0.50%	-0.30%	0.08%
\$300,001 – 400,000	-1.36%	-1.13%	-0.80%	-0.60%	-0.23%
\$400,001 – 500,000	-1.46%	-1.23%	-0.90%	-0.70%	-0.33%
\$500,001 – 600,000	-1.56%	-1.33%	-1.00%	-0.80%	-0.43%
\$600,001 – 700,000	-1.66%	-1.43%	-1.10%	-0.90%	-0.53%
\$700,001 – 800,000	-1.76%	-1.53%	-1.20%	-1.00%	-0.63%
\$800,001 – 900,000	-1.86%	-1.63%	-1.30%	-1.10%	-0.73%
\$900,001 – 1,000,000	-1.91%	-1.68%	-1.35%	-1.15%	-0.78%
\$1,000,001 – 1,300,000	-1.96%	-1.73%	-1.40%	-1.20%	-0.83%
\$1,300,001 – 1,500,000	-2.01%	-1.78%	-1.45%	-1.25%	-0.88%
\$1,500,001 – 2,000,000	-2.06%	-1.83%	-1.50%	-1.30%	-0.93%
\$2,000,001 – 2,500,000	-2.16%	-1.93%	-1.60%	-1.40%	-1.03%
\$2,500,001 - greater	TBN	TBN	TBN	TBN	TBN

NOTE: Above pricing is inclusive of the 0.40% Administrative Fee paid to Broadlane under this Agreement and assumes the Customer will pay via EFT.

## EXHIBIT A-2

### VALUE-ADDED PRODUCTS

**A. Training.** Upon any Customer's request, and at no cost, Distributor must provide training to the Customer on Distributor's programs (i.e., cardinal.com).

**B. Inventory Management.** Upon any Customer's request, and at no cost, Distributor must provide shelf labels and its inventory management program (available through cardinal.com).

**C. General Reports.** At no additional cost to Customer, the following reports for any Customer or Customer Group will be available to Broadlane through Distributor's intelligence Web-based reporting program:

- Product Availability --Product fill rate (aggregate and by Customer);
- Drop shipments;
- Contract compliance (by Contracted and Non-Contracted Product purchases, broken out by Customer Group, individual Customers, and Customer contracts);
- Pricing discrepancies (including add-bills, credits, and rebills);
- Lost Dollar Opportunities (by Customer).

**D. Broadlane-Requested Reports.** Upon Broadlane's request, and at no additional cost, Distributor must provide to Broadlane the following quarterly reports for any Customer or Customer Group:

- Successful Implementation -- Conversion of a Customer or Customer Group's purchase volume within a 90-day period of being added to the list of Broadlane Customers;
- DSO;
- Current YTD of Customer purchases (via EDI reporting);
- EDI usage;
- fill rates (raw and adjusted); and
- Manufacturer unable to supply (MUS).

**E. Customer-Requested Reports.** Upon any Customer's request, and at no additional cost, Distributor must provide the Customer's designated (a) facility-level or corporate pharmacy point-of-contact, (b) accounts payable point-of-contact, and (c) corporate office point-of-contact with any of the following monthly reports, with descriptions and data broken down to the "ship-to" level, for:

- accounts receivable, DSO, and disputes (at the facility, invoice and item level);
- fill rates;
- auto-substitution occurrence (with cost impact);
- compliance reporting (by Contracted and Non-Contracted Product purchases);
- pricing discrepancies (including add-bills, credits, and rebills);
- EDI mix and percentage reports;
- advance Supplier shortages;
- sales invoice;
- credits and credit memo summaries;
- Product usage;
- Lost Dollar Opportunities;
- standing orders; and
- invoice accuracy (including total lines per invoice, invoice date, and line credits per invoice)

Value Adds and Deliveries		
VALUE-ADDS	Description	Base
	Inventory Management	CIM (Retail)
	Automation	Pyxis/Alaris
	Indigent Care	e-Recovery
	Unit-Dose	ReadyScan

	Bar-Code/RFID	CardinalASSIST/ReadyScan
	Pt. bedside assist/re-pkgng program	CardinalASSIST/ReadyScan
	340B	340B Split Billing
	Pharmacy Outsourcing	Separate Analysis Required
	Specialty Distribution	SPD Agreement with Broadlane
<b>DELIVERIES</b>	<b>DESCRIPTION</b>	<b>BASE</b>
	Additional Standard	At Cost
	Additional Emergency	At Cost

Enrollment in these value added programs will be subject to Distributor's standard terms and conditions related to each of the programs.

The fees related to each of these programs are subject to change from time to time. Customers will be subject to the fees in effect at the time of enrollment in the program.